AUTOMOTIVE RECYCLERS ASSOCIATION
ESTABLISHED 1943

3975 Fair Ridge Drive ▪ Suite 20 ▪ Terrace Level-North ▪ Fairfax, Virginia 22033-2924 ▪ USA
Telephone: (703) 385-1001 Telefax: (703) 385-1494

August 26, 2002

The Honorable Jeffrey Runge, M.D.
Administrator
National Highway Traffic Safety Administration
Room 5220
400 Seventh Street, SW
Washington, DC 20590

Re: Docket No. NHSTA-2002-12231, Federal Motor Vehicle Theft Prevention Standard Notice of Proposed Rulemaking: Parts Marking

Dear Dr. Runge:

The Automotive Recyclers Association (ARA), an international trade association representing over 1,200 auto recycling facilities in the United States through direct membership and an additional 5,500 auto recycling facilities through our state affiliates, appreciates this opportunity to provide comments on the proposed Federal Motor Vehicle Theft Prevention Standard rulemaking to extend the parts marking requirements to all passenger cars and multipurpose passenger vehicles with a gross vehicle weight rating of 6,000 pound or less, and to light duty trucks with major parts that are interchangeable with a majority of the covered major parts of multipurpose passenger vehicles.

Major Bureaucratic and Financial Implications on "Mom and Pop" Auto Recyclers

On behalf of our members concerned about the growing regulatory burdens placed on small business, I would like to draw your attention to the unfortunate destructive effect the U.S. National Highway Traffic Safety Administration's (NHTSA) proposed rule extending parts marking requirements to all passenger cars and multipurpose passenger vehicles would have on the entire automotive recycling industry. The reason the NHTSA proposed rule will have vast implications stems from the direct consequences it has on the recently proposed Department of Justice (DOJ) rule to implement the National Stolen Passenger Motor Vehicle Information System (NSPMVIS). [*Federal Register*, Vol. 67, No. 68, April 9, 2002, p. 17027-17036]

In the proposed NSPMVIS rule, the DOJ cites a National Insurance Crime Bureau (NICB) estimate that only approximately 1.5 to 3 million vehicles will be affected annually as a result of the NSPMVIS implementation. (*The NICB calculates that currently 60 percent, or 1.4 million, of these salvage and junk vehicles contain major parts marked with the VIN that would ultimately be required to be inspected through the NSPMVIS.*) ARA believes the NICB figure is inaccurate because the 1.4 million figure cited is based on current regulatory procedures defined under the Vehicle Theft Prevention Standard which detail the performance requirements for inscribing or affixing vehicle identification numbers onto original equipment major parts selected as "high theft lines". Under the NHTSA proposed rule of June 26, 2002, the parts marking requirements would extend to all passenger cars and multipurpose passenger vehicles. Thus, the entire motor vehicle population would ultimately fall under

the requirements of the NSPMVIS rule. Needless to say, the cost to small, professional auto recyclers will be enormous. (Based on the Wards Motor Vehicle Facts and Figures 2001 publication, nearly 14.3 million passenger cars, trucks and buses were retired from use in the year 2000 alone.)

The number of "affected" salvage and junk vehicles that are transferred only by insurance companies is sure to dramatically increase; however, the NICB calculation only relates to salvage and junk vehicles that are annually transferred by insurance companies. As proposed in the NSPMVIS rule, salvage and junk vehicles that make their way to auto recycling facilities from outside the insurance pipeline are subject to the DOJ rule. In fact, these "non-insurance pipeline" vehicles will be subject to some of the most onerous requirements of the proposed NSPMVIS rule.

While ARA supports aggressively combating auto theft, this rule will place enormous burdens on legitimate professional auto recyclers that are not engaged in illegal activities. In theory, ARA supports the expansion of parts marking requirements for their benefit in detecting, apprehending and prosecuting vehicle thieves. However, the additional bureaucratic and financial burdens this rulemaking will put on thousands of honest "mom and pop" professional auto recyclers that do not deal in theft and fraud is unacceptable. It is ARA's conclusion that NHTSA's proposed rule, with its direct implications on the proposed NSPMVIS rule, will deal a crippling blow to the professional auto recyclers who are already under pressure to minimize body shop roadblocks to utilization of their "recycled" parts in collision repair. With this in mind, ARA suggests that DOJ and NHSTA agree on an exemption process so that the auto recycling industry is not disproportionately affected by this "well intentioned" rulemaking.

Expansion of Parts Marking Requirements

As pointed out in the *Federal Register* notice, air bags are not currently classified as major parts subject to the parts marking requirements under the Federal Motor Vehicle Theft Prevention Standard. ARA agrees with NHSTA's effort to have air bags subject to the parts marking requirements. As part of that process, however, ARA would also recommend that the list of parts included as major component parts be reduced. Structural parts such as quarter panels, frames and side panels should not be included as they are not high theft parts. Also, their structural integration on the vehicle along with the difficulty in finding markings make it difficult to comply with requirements mandated by the proposed NSPMVIS rule.

ARA backs this extension because of the benefits of additional assistance to auto theft investigators in identifying stolen air bags along with the ability to prosecute individuals who purchase and sell stolen air bags. It should not go without note that any illegal sale of an air bag module is one less opportunity for a legitimate professional auto recyclers to sell their product -- a quality undeployed, recycled OEM air bag module.

As you may be already aware, ARA stands by the use of undeployed, recycled OEM air bags as viable, economical and safe alternatives to the use of new, more costly OEM air bags when properly evaluated, handled, shipped and professionally installed. We believe this is a cost effective option for a consumer, but more importantly, research points to this as a safe alternative as well. The Insurance Corporation of British Columbia, Canada's largest auto insurer, through independent testing, reached the conclusion that "recycled" air bags are "equal to OEM replacements in reliability, and performance." ARA also commissioned similar, independent and comprehensive safety tests on recycled, undeployed OEM air bag modules with similar results.

Unfortunately, motor vehicle and air bag manufacturers have taken ample opportunity to make statements in their literature that disparage and cast doubt on the quality of recycled automotive parts. ARA encourages NHSTA to take this opportunity to reduce one of these obstacles motor vehicle and air

bag manufacturers have tried to articulate as a reason why customers should not avail themselves of a quality low cost alternative.[1] [*See attached documents.*]

In reality, new replacement OEM air bags can cost upwards of $1,500 or more, which can easily be too large a repair for many consumers who do not carry collision insurance to afford. It is proven scientific fact that new OEM air bag failure rates are not zero. However, a deployed air bag, which either knowingly or unknowingly is not replaced and simply disguised by a "cosmetic cover", is sure to have a 100% non-deployment rate. While this type of "quick fix" is extremely unsafe, one can understand why some individuals choose to "fix" the problem this way. Talking down a viable repair option - the "recycled" air bag - is putting more consumers at risk as many more "cosmetic fixes" are likely to find their way into the nations vehicles.

In reference to window glazing, ARA does recognize the positive benefits this has for law enforcement efforts to reduce auto theft. However, if auto recyclers are mandated to process each piece of glass they sell through NSPMVIS, one could see the huge additional costs and devastating bureaucratic bottle neck this places on the vast majority of small businesses in our industry. Again, some sort of an exemption for this component should be developed to elevate this problematic result if NHSTA is successful in classifying window glazing as a "major part".

In summary, ARA would hope NHSTA in consultation with the DOJ weigh the substantial adverse impact these two rulemakings will have on the "recycled" automotive parts market along with a considerable number of small auto recycling entities in this industry. Regulators should be aware that "new" original equipment manufacturers (OEM) would like nothing more than additional restrictions on the "recycled" parts industry. Here again, "recycled" OEM parts are contending against an industry that already commands some 75-80% of the collision repair parts market. Here for instance is only one example of how "new" OE manufacturer are already using "impediments" to disparage our products. A recent Toyota Genuine Parts ad stated the following: "We [Management Team at Crawford Auto Construction] find that using imitation or salvage parts can delay the average repair by as much as one third over the same repair using OE parts--which ties up a lot of expensive shop space, increases our cycle time and more importantly hurts our customer satisfaction and profitability. ...". ARA implores that government regulators truly take into account the broad ramifications these rulemakings will have on heart and soul of America's economic engine – small businesses.

On behalf of its members, ARA thanks the National Highway Traffic Safety Administration for this opportunity to express our concerns for thousands of small "mom and pop" facilities.

Sincerely,

Phil Sheppard
President

William P. Steinkuller
Executive Vice President

[1] Professional automotive recyclers use a multi-million dollar interchange developed by ADP Hollander that identifies and categorizes homogeneous parts that are interchangeable based on original manufacture standards.

Automotive Occupant
Restraints Council

AUTOMOTIVE OCCUPANT RESTRAINTS COUNCIL

Media Conference

Thursday, June 29, 2000 - 12:00 noon

National Press Club

Washington, D.C.

Air Bag and Seat Belt Reuse and Disposal Issues and Concerns

AUG-26-2002 16:24 AUTO RECYCLERS ASSN. 703 385 1494 P.05/10

AORC Position on Use of Salvaged Air Bags & Seat Belts

Restraint systems in motor vehicles are designed to very specific requirements. These specifications are vehicle specific, that is, they depend on the characteristics of a particular make/model/model year. To ensure acceptable crash protection, when restraint systems are replaced, the replacement system must have identical performance to the original system. Additionally, the restraint system must be capable of proper operation, that is free from defects. Accordingly, AORC member companies recommend against the use of salvaged air bags and seat belts. Further AORC member companies do not support the use of unqualified components for the manufacture or repair of these safety devices. This position is taken because of the potential adverse impact on the safety of automobile drivers and passengers. Although most salvaged products may perform acceptably, there is still significant concern because of the following issues:

1. Air bags may have been exposed to conditions, such as excessive heat or shock loads or flood waters, which go beyond their design capability. These conditions can result in unacceptable air bag performance. There is no test which can be performed to verify that such exposure has not occurred and that the air bags will perform acceptably.

2. There is significant potential of using modules with different performance levels that can fit various vehicles. This situation can also occur with interchangeability of steering wheels containing modules or steering columns containing modules and wheels. Thus, air bag systems could be installed in vehicles that have incorrect restraint performance.

3. Some "remanufactured" air bags which have been offered for sale may not provide proper restraint performance and also may have the potential for causing injury. These "remanufactured" air bags may include a mixture of components from various manufacturers and some which may have improper repairs.

4. Concerning seat belts, there is a possibility that the seat belt system may have been damaged in a collision. This damage may occur without showing obvious signs of belt degradation. In these instances, the webbing will not have the original strength or performance characteristics. It is also very likely that many of the major load bearing components have been stressed, resulting in reduced system strength, faulty inertia sensing mechanisms, and unreliable buckle latching.

5. Seat belts have installation requirements that are vehicle specific. Any deviation from the original installation geometry can result in delayed or non-locking retractors. There is also a potential to reduce the restraint of the anchoring points.

6. Some seat belt components can be "mixed and matched". This can result in ineffective belt routing on the occupant and reduced safety performance.

7. The manufacture and subsequent use of unqualified components in either air bags or seat belts can lead to performance failures.

AUG-26-2002 16:24 AUTO RECYCLERS ASSN. 703 385 1494 P.06/10

GMSPO COLLISION PARTS POSITION STATEMENTS REGARDING COLLISION REPAIR

Brought to you by I-CAN

WARRANTIES:
General Motors' vehicle factory warranties transfer when repairs are complemented with new genuine GM parts. The use of used salvage and/or imitation/counterfeit parts is not covered by the GM factory transferable limited warranty on that part and all adjoining parts and systems which are caused to fail by these parts.

USED SALVAGE:
GM is an environmentally-conscious corporate citizen. We understand the merits of recycling and have initiatives underway within the Corporation that promote it. Additionally, we are concerned about our customers and maintaining GM vehicle image, value, functional and safety systems, and transferable factory warranties. Since GM does not warrant used salvage parts, we want to make sure consumers are aware of the consequences of having used salvage parts installed on their vehicles. At this time, we believe there are no systems or process in place to regulate the quality of used salvage parts in the market. Therefore, we are concerned about improper use of used salvage parts, i.e., wrong application as well as use of damaged materials.

DIRECT REPAIR PROGRAM (DRP) / PREFERRED PROVIDER OPTION or ORGANIZATION (PPO):
GM supports policies and programs which ensure GM vehicle owners' rights to have their vehicle repaired to pre-accident condition at the location of their choice. We support focus on issues of consumer protection which lead to customer retention for all those involved in the repair process. Acceptable DRP's and PPO's allow consumers to choose where to have their vehicle repaired, are open to any body shop that can perform proper, timely and cost-efficient repair; allow use of new OEM parts and materials to maintain vehicle factory warranties; disclose in writing to the consumer when non-new OEM parts are to be used; and secure the consumer's consent for use of non-new OEM warranted parts.

IMITATION PARTS:
GM does not support or recommend the use of any imitation part. Many independent OEM studies have documented the lesser quality of imitation repair parts. Use of imitation parts diminishes the value of the vehicle at resale. Also, studies have proven that the OEM replacement parts are designed to meet defined quality, safety and appearance specifications that are not replicated on imitation parts. Imitation parts are not covered by the GM factory transferable limited warranty on that part and all adjoining parts and systems which are caused to fail by these parts.

LEGISLATION:
We support legislation that requires the use of new genuine parts during the OEM factory warranty period, as well as written disclosure and consent of the consumer if imitation, aftermarket or used salvage parts are used. (Note: West Virginia passed such a law in 1995.)

SUPPLEMENTAL INFLATABLE RESTRAINT SYSTEMS (SIR):
Due to the critical nature of the design of Supplemental Inflatable Restraint Systems (SIR), GM does not support the use of any used salvage or imitation parts for repair. Only new genuine GM warranted parts should be used in repair.

GENERAL MOTORS' POSITION ON THE INSTALLATION OF STOLEN OR USED SALVAGE AIR BAG SYSTEMS AND COMPONENTS

Due to the critical nature of the design of Supplemental Inflatable Restraint Systems (SIR) aka air bag systems, GM does not support the use of any stolen, used salvage, or imitation parts for repair. Only new genuine GM warranted parts should be used in repair.

Proper operation of the Supplemental Inflatable Restraint Systems (SIR) system requires that any repairs to the vehicle return it to the original production configuration and performance. Never use SIR parts from another vehicle. The reasons for this policy and practice within GM include the following:

Occupant Protection
Air bag system components are carefully developed and specifically tuned to interact in a precise fashion that produces optimum performance. Corresponding SIR system components from other models may appear similar from the outside, may even fit the vehicle, but different internal elements or calibration may result in degraded restraint performance.

Regulatory Compliance
All GM vehicles are designed and built to meet or exceed all applicable motor vehicle safety standards. Use of SIR components other than those specified could result in degraded occupant protection performance and a vehicle configuration that no longer meets applicable safety standards. A repair establishment that renders a regulated safety system inoperative violates the Safety Act and becomes liable accordingly.

Reliability
SIR components are designed, manufactured and installed to assure reliable performance for the life of the vehicle. Reuse of salvage components brings into question the conditions under which the components were obtained and stored prior to use. Components could have been damaged or stored under unfavorable conditions that could compromise performance on reliability.

In summary, new GM parts remain General Motors' recommendation on collision repair involving air bag systems and components. These new parts are consistent with the vehicle factory warranty and extended warranty programs which the customer has paid for either in the price of the vehicle or as a separate service contract. The air bag system can best be returned to designed and tested production standards when new original equipment parts are used.

GM stands behind its warranties and requests written indemnity to be on file when shops install used salvage air bag systems or components. Such disclosures, as well as written warranties on used salvage parts ensures the proper accountability for current and future vehicle owners.

General Motors Approved: December 2, 1997
General Motors Corporation
100 Renaissance Center
P.O. Box 431301
Detroit, Michigan 48243-7301

Go back to the top.

General Motors' Statement • GM Resale Value Study • OEM Main Page • Contact I-Can • Home

Provided by the Insurance Consumer Advocate Network
In cooperation with the major automobile manufacturers noted herein.
© Copyright 1998, All rights reserved

FORD COLLISION REPAIR POSITION STATEMENTS

Brought to you by I-Can

(Editor's Note: In response to industry requests, the following represents a collection of all Ford position statements relating to collision repair.)

IMITATION PARTS AND FORD WARRANTY:
The use of imitation crash parts to repair collision damaged vehicles raises concerns about warranty and quality.

Imitation crash parts are not covered under the Ford new vehicle limited warranty or any other Ford warranty. In addition, any damage to or failure of a Ford part caused by the installation or improper performance of an imitation part is not covered under the Ford new vehicle limited warranty or any other Ford warranty.

However, the use of imitation crash parts for vehicle repair does not, in itself, void the Ford new vehicle limited warranty. The limited warranty for the rest of the vehicle, excluding the imitation part itself, remains in effect.

Ford believes the interests of vehicle owners and collision repairers are best protected by the use of genuine Ford replacement crash parts to repair collision damage.

SALVAGE PARTS AND FORD WARRANTY:
The increasing use of salvage parts to repair collision-damaged vehicles raises concerns about warranty and quality. Salvage parts are not covered under the Ford new vehicle warranty or any other Ford warranty. In addition, any damage to or failure of a Ford part caused by the installation or improper performance of a salvage part is not covered under the Ford new vehicle limited warranty or any other Ford warranty. However, the use of salvage parts for vehicle repair does not, in itself, void the Ford new vehicle limited warranty. The limited warranty for the rest of the vehicle, excluding the salvage part itself, remains in effect.

Many factors can influence the quality of salvage parts, such as exposure to weather, improper removal or hidden structural damage. In addition, parts salvaged from Ford, Lincoln and Mercury vehicles may not always be genuine Ford parts. Ford believes the interests of vehicle owners and collision repairers are best protected by the use of genuine Ford replacement crash parts to repair collision damage.

IMITATION CRASH PARTS AND AIR BAG SYSTEMS:
Ford Motor Company is confident about the performance of air bag systems it designs and installs in its vehicles. However, Ford cannot be confident that its air bag systems and components will perform properly on vehicles that have been repaired with imitation crash parts.

Testing by Ford has shown imitation crash parts to be substandard in their fit and structural integrity. To our knowledge, no testing has been conducted to verify that the performance of imitation crash parts -- particularly crucial front-end parts, such as hoods, bumper reinforcements and header panels -- in front-end crashes will be compatible with Ford air bag systems.

Genuine Ford replacement crash parts are the same as those used on new vehicles, which have been crash tested and meet all Federal Motor Vehicle Safety Standards.

Because so little is known about the effect of imitation parts on airbag system and component integrity, Ford believes genuine Ford crash parts should be used for collision repairs to protect the interests of both collision repairers and vehicle owners.

USE OF SALVAGED AIR BAG SYSTEMS:
Ford Motor Company is confident about the performance of air bag systems it designs and installs in its vehicles. However, Ford cannot be confident that air bag systems or components salvaged from damaged vehicles for re-use will perform properly.

Many factors may influence the integrity of salvaged air bag systems or components, such as weathering and improper removal techniques. In addition, air bag systems are designed for specific vehicles, with changes occurring even within specific vehicle models to accommodate technological advancements. it is possible for an air bag system or an individual air bag component to fit into an inappropriate vehicle, thereby jeopardizing the integrity of the air bag system.

For these reasons, Ford believes only new air bag systems and components should be used to repair damaged vehicles. Ford believes the interests of repairers and vehicle owners are best protected when new genuine Ford replacement air bag systems and components are used.

REPAIR AND REPLACEMENT OF SAFETY BELT SYSTEMS:
Ford Motor Company recommends that all safety belt assemblies used in vehicles involved in a collision be replaced. However, if the collision was minor and a qualified technician finds that the belts do not show damage and continue to operate properly, they do not need to be replaced. Safety belt assemblies not in use during a collision should also be inspected and replaced if either damage or improper operation is noted.

Before installing a new safety belt assembly, the safety belt attaching areas must be inspected for damage and distortion. If the attaching points are damaged or distorted, the sheet metal must be reworked back to its original shape and structural integrity. Also, be sure that if new safety belt service parts are needed, they are intended specifically for the vehicle in which they are being installed.

Ford Motor Company describes recommended functional testing procedures for both shoulder harnesses and lap belts and retractors in Ford Technical Service Bulletin 85-2-4, and in Ford service manuals.

1/98

Ford Crash Parts Headquarters
P.O. Box 490
Dearborn, MI 48121

Go back to the top.

Ford's Statement • GM Resale Value Study • OEM Main Page • Contact I-Can • Home

Provided by the Insurance Consumer Advocate Network
In cooperation with the major automobile manufacturers noted herein.
© Copyright 1998, All rights reserved